GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:171
ANSWERED ON:25.07.2002
AGREEMENT WITH SRI LANKA IN PETROLEUM SECTOR
DILIP KUMAR MANSUKHLAL GANDHI;RAM SINGH KASWAN

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government propose to enter into an agreement with Sri Lanka in the petroleum sector;

(b) if so, the details thereof; and

(c) the benefits likely to be derived by India therefrom?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a)to(c): A Statement is laid on the Table of the House.
STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO.171 T
ANSWERED ON 25TH JULY, 2002 REGARDING AGREEMENT WITH SRI LANKA IN PETROLEUM SECTOR.

(a)&(b): On 11th June, 2002 Indian Oil Corporation Ltd. (IOC) has signed a Memorandum of Understanding (MoU) with Ceylon Petroleum Corporation (CPC) to enable IOC, through a newly incorporated Sri Lankan subsidiary, to engage in retail trading in Sri Lanka and to manage and operate, on a long lease, the Trincomalee oil tankages. The salient features of the MoU are given below:-

(i) To start with, CPC will divest 100 nos. CPC owned retail outlets in favour of IOC.

(ii) CPC will assist IOC to re-assign Franchise retail outlets.

(iii) IOC will modernise and provide additional services through these retail outlets.

(iv) IOC will take over Trincomalee tankages on long-term lease.

(v) The existing and future infrastructure facilities viz. depots, aviation facilities, terminals etc. will be operated on `common user` principle.

(vi) IOC and CPC will discuss further on the modalities for facilitating supply of petroleum products to Sri Lanka through IOC.

(c): IOC`s entry is also expected to strengthen cooperation and relationship between India and Sri Lanka. The divestment of 100 retail outlets in favour of IOC by CPC will give IOC a head start in the downstream petroleum sector of Sri Lanka. Petroleum product deficit in Sri Lanka will be met from Indian refineries and IOC will earn revenue in foreign exchange. The entry in Sri Lanka would also facilitate similar business opportunities for Indian oil sector in other neighbouring countries.